

IOWA MINIMUM TAX COMPUTATION  
For Individuals, Estates and Trusts

IA 6251  
1996

Name(s) as shown on IA 1040 (or IA 1041):

Social Security No.

**PART I: Adjustments and Preferences**

If you itemized deductions on Schedule A, start on line 1. If you didn't itemize, start on line 7.

1. Medical and dental (line 2, Federal Form 6251) ..... 1. \_\_\_\_\_
2. Taxes (line 3, Federal Form 6251 less any Iowa income tax) ..... 2. \_\_\_\_\_
3. Certain interest on a home mortgage not used to build, buy, or improve your home (line 4, Federal Form 6251) ..... 3. \_\_\_\_\_
4. Miscellaneous itemized deductions (line 5, Federal Form 6251) ..... 4. \_\_\_\_\_
5. Refund of taxes (line 6, Federal Form 6251 less any Iowa income tax) ..... 5. ( \_\_\_\_\_ )
6. Investment interest (line 7, Federal Form 6251 less interest and expense related to private activity bonds issued after 8/7/86) ..... 6. \_\_\_\_\_
7. Post - 1986 depreciation (line 8, Federal Form 6251) ..... 7. \_\_\_\_\_
8. Adjusted gain or loss (line 9, Federal Form 6251) ..... 8. \_\_\_\_\_
9. Incentive stock options (line 10, Federal Form 6251) ..... 9. \_\_\_\_\_
10. Passive Activities (line 11, Federal Form 6251) ..... 10. \_\_\_\_\_
11. Beneficiaries of estates and trusts (line 12, Federal Form 6251) ..... 11. \_\_\_\_\_
12. Enter the amount for each corresponding item from line 14 of Federal Form 6251. Enter total on line 12.
  - a. Charitable contributions ..... \_\_\_\_\_
  - b. Circulation expenditures ..... \_\_\_\_\_
  - c. Depreciation (pre - 1987) ..... \_\_\_\_\_
  - d. Installment sales ..... \_\_\_\_\_
  - e. Long-term contracts ..... \_\_\_\_\_
  - f. Loss limitations ..... \_\_\_\_\_
  - g. Mining costs ..... \_\_\_\_\_
  - h. Patron's adjustment ..... \_\_\_\_\_
  - i. Pollution control facilities ..... \_\_\_\_\_
  - j. Research and experimental ..... \_\_\_\_\_
  - k. Tax shelter farm activities ..... \_\_\_\_\_
  - l. Related adjustments (see inst.) .. 12. \_\_\_\_\_
13. **Total Adjustments and Preferences.** Combine lines 1 through 12 ..... 13. \_\_\_\_\_

**PART II: Alternative Minimum Taxable Income**

14. Taxable income (from IA 1040, line 42; or IA 1041, Line 23) ..... 14. \_\_\_\_\_
15. Net operating loss deduction. Do not enter as a negative amount. .... 15. \_\_\_\_\_
16. If amount on Federal Form 1040, line 32 is more than \$117,950 (more than \$58,975 if married filing separately for Federal purposes), see instructions for amount to enter on this line ..... 16. ( \_\_\_\_\_ )
17. Add lines 14, 15 and 16 ..... 17. \_\_\_\_\_
18. Add lines 13 and 17 ..... 18. \_\_\_\_\_
19. Alternative tax net operating loss deduction (see instructions) ..... 19. \_\_\_\_\_
20. **Alternative Minimum Taxable Income.** Subtract line 19 from line 18 ..... 20. \_\_\_\_\_

**PART III: Exemption Amount and Alternative Minimum Tax**

21. Enter \$35,000 (\*\$17,500 if filing status 3 or 4; \$26,000 if single, head of household or qualifying widow(er)) ..... 21. \_\_\_\_\_
22. Enter \$150,000 (\*\$75,000 if filing status 3 or 4; \$112,500 if single, head of household or qualifying widow(er)) ..... 22. \_\_\_\_\_
23. Subtract line 22 from line 20. If the result is zero or less, enter zero ..... 23. \_\_\_\_\_
24. Multiply line 23 by 25% (0.25) ..... 24. \_\_\_\_\_
25. Subtract line 24 from line 21. If result is zero or less, enter zero ..... 25. \_\_\_\_\_
26. Subtract line 25 from line 20 ..... 26. \_\_\_\_\_
27. Multiply line 26 by 7.5% (0.075) ..... 27. \_\_\_\_\_
28. Regular tax after credits. Enter IA 1040, line 43, less line 50 (or IA 1041, line 24 less line 28) ..... 28. \_\_\_\_\_
29. **Iowa Minimum Tax.** Subtract line 28 from line 27. Enter here and on IA 1040, line 45 (or IA 1041, line 26.) See instruction for Minimum Tax Limited to Net Worth. If less than zero, enter zero ..... 29. \_\_\_\_\_

**PART IV: NONRESIDENTS AND PART-YEAR RESIDENTS ONLY - Complete lines 30 - 33.**

30. Enter Iowa net income plus Iowa adjustments and preferences (see instructions). If less than zero, enter zero ..... 30. \_\_\_\_\_
31. Total net income plus total adjustments and preferences (see instructions) ..... 31. \_\_\_\_\_
32. Divide line 30 by line 31 and enter the result to three (3) decimal places ..... 32. \_\_\_\_\_
33. **Iowa Minimum Tax.** Multiply line 29 by line 32. Enter here and on IA 1040, line 45 (or IA 1041, line 26). See instruction for Minimum Tax Limited to Net Worth. If less than zero, enter zero ..... 33. \_\_\_\_\_

## Instructions for IA 6251

(8/96)

**WHO MUST FILE IA 6251.** All individuals, estates and trusts that had one or more of the adjustments or preferences in Part I must complete form IA 6251 to see if they owe Iowa minimum tax. Taxpayers may have an Iowa minimum tax liability even if they owed federal minimum tax. Taxpayers that have an Iowa minimum tax are to attach this form to their 1996 IA 1040.

**Note:** The federal tax preferences for percentage depletion of an oil, gas or geothermal well and intangible drilling costs from lines 14-c 14-f of federal form 6251 are not tax preferences but are additions to income on line 14 of IA 1040.

**RELATED ADJUSTMENTS.** Line 12-l. Include related adjustments from line 14-n of the federal 6251 only to the extent the adjustments are ones that affect the computation of net income. An adjustment related to tax-exempt interest from private activity bonds would be included, since this is not an Iowa tax preference or adjustment.

**FEDERAL PHASE-OUT OF ITEMIZED DEDUCTIONS.** Line 16. If you are subject to the federal phase-out of itemized deductions on your federal schedule A, you must enter that phase-out amount on this line. To determine this amount, go to the IA form 41-104, Itemized Deduction Worksheet found on page 18 of the IA 1040 instruction booklet. Subtract line 1 from line 4 on the IA 41-104 form and enter on line 16 of the IA 6251.

**ALTERNATIVE NET OPERATING LOSS DEDUCTION.** Line 19. A net operating loss can be carried back or carried forward to reduce a taxpayer's alternative minimum taxable income. However, before the net operating loss can be deducted it must be reduced by tax preference used in computing the net operating loss. In the case of a net operating loss for a tax year beginning after December 31, 1986 which is carried to the current tax year, the net operating loss amount on line 19 cannot exceed 90% of the amount on line 18. Any portion of the net operating loss which cannot be used can be carried over to the next tax year.

**NONRESIDENTS AND PART-YEAR RESIDENTS.** Nonresidents and part-year residents of Iowa are required to pay Iowa minimum tax only on the percentage of adjustments and tax preferences which are Iowa source. Lines 30-33 in Part IV must be completed to calculate the Iowa minimum tax liability for nonresidents and part-year residents.

Line 30. Add Iowa net income (line 26, IA 126) plus the total of those adjustments and tax preferences on line 13 of the IA 6251 which are from Iowa sources.

Line 31. Add total net income (line 27, IA 126) plus the total of all adjustments and tax preferences on line 13 of the IA 6251.

Line 32. Divide line 30 by line 31 and enter the result to three decimal places (Example: .786).

Line 33. Multiply line 29 by line 32. The result is the Iowa minimum tax and is to be entered on line 45, IA 1040 (line 26 IA 1041). See the instructions below relating to minimum tax limited to net worth.

**MINIMUM TAX LIMITED TO NET WORTH.** Taxpayers who meet all qualifications for a distressed sale, but have a debt to asset ratio of seventy-five percent or less, shall not be subject to the minimum tax in an amount greater than the taxpayer's net worth. In situations where a taxpayer has multiple transactions (forfeitures, transfers, sales or exchanges) minimum tax shall be limited to net worth plus to the last transaction in the tax year. For additional information on what constitutes a "distressed sale" contact the Taxpayer Service Section of the Iowa Department of Revenue and Finance. If calling from the Des Moines area or from out of state, call (515) 281-3111. Elsewhere in Iowa or from the Rock Island/Moline or Omaha calling areas, call 1-800-367-3388 (toll free).

**ALTERNATIVE MINIMUM TAX CARRYFORWARD CREDIT.** An alternative minimum tax credit is available which may reduce the regular tax of an individual for minimum tax paid in a prior year on deferral items of tax preference. The Iowa credit is computed similarly to the federal credit but on form IA 8801, which must be attached to the IA 1040 if this credit is claimed.